

JIM EDGAR

Governor OFFICE OF BANKS AND REAL ESTATE

JACK SCHAFFER

commissioner

Real Estate Appraisal Administration Division
Larry M. Bullock, Director

June 2 1997

Herbert S. Yolles
Chairman
Appraisal Subcommittee
2100 Pennsylvania Avenue, N.W., Suite 200
Washington, D. C. 20037

Dear Mr. Yolles:

Thank you for your letter dated May 23, 1997, which was in response to my February 20, 1997 letter. Our February letter was at your request to respond to the field audit of our program that the ASC conducted in November 1996. This letter (also per your request) is a response to the issues raised in your May 23, 1997 communication. The responses are tabulated to my understanding of the issues:

- 1. Legal Guidance Relative To Reciprocity:** you state that you disagree with our seeking further legal guidance relative to reciprocity with other jurisdictions. In addition you stress that your field reviews indicate that all jurisdictions meet or exceed the minimum qualification established by the AQB.

We take issue with your statement that all jurisdictions meet or exceed the AQB requirements. Our experience has been that appraisers licensed and certified in other jurisdictions and applying for licensure in Illinois cannot document education and experience. In many cases their education and/or experience in their home state was granted by affidavit. Certifying statements of education and experience are not acceptable in Illinois. Therefore, it is necessary and appropriate that we continue to seek legal counsel regarding interpretations regarding our law and also interpretations of FIRREA.

- 2. Reciprocity Missouri:** You state that we have not entered into a reciprocity agreement with Missouri "despite the fact that the Committee voted last year to enter into such an agreement."

The vote you refer to took place in late November 1996 and the recommendation to enter into reciprocity with Missouri was considered by the Agency. This month (May 1997) our legal counsel approved the agreement with only minor changes. The agreement, as amended, will be sent to the Missouri jurisdiction within the next few weeks.

3. Appraisal Course Approvals/Denials: you indicate your concern regarding the ability of smaller appraisal education providers to compete because of the Illinois course and provider fees; and you ask us to justify our fees.

The ability of private enterprise to compete is best left to private enterprise; i.e., not to government entities such as the ASC or this Agency. Our education approval process is efficient but costly. It serves the citizens of Illinois by assuring that appraisers have qualified by attending quality education provided by competent education providers. Our system also assures that courses and providers will maintain high standards because of our ability to terminate any course or provider that does not maintain the high standards expected by the Illinois Appraisal Committee and this Agency.

Our fee to become a course provider is \$1,000 and must be renewed annually with a fee of \$500. Prelicensure (licensure qualification) courses are approved or denied by application which requires a \$500 fee for a three year approval period. These courses may be renewed with a fee of \$250 for an additional three years. CE courses may be presented by any approved provider and the fee for approval/denial is \$300 and approved courses can be presented for up to two years. On September 30, of odd numbered years CE course approvals expire but can be renewed for an additional two year period for a fee of \$150. Considering the fee amounts and approval periods we conclude that the providers cost per ~ student per presentation amounts to only a few cents (less than a dollar).

We justify our fees by our administrative costs which include a full time education coordinator, time spent by Committee members reviewing course work, cost of travel Committee per diem, printing, postage telecommunication, etc.

Our activity relative to course approvals/denials for the last 12 months is as follows:

On March 31, 1996, all 211 approved CE course licenses expired; 97 renewed for an additional two year period. During the last twelve months, we received 91 CE course applications; 85 of which were approved for CE credit, 6 denied, and 2 that are deferred until further review. In addition, we received 12 pre-licensure course applications; with 9 approved and 3 denied. To date, there are 45 approved Appraisal Education Providers licensed in Illinois.

4. **NAMA Course 504:** you state that our course application "files appear to be incomplete" because an approval letter dated June 27, 1996 "was not in your office files at the time of our review." Please be assured that this Division of OBRE goes through a far more copious audit than that conducted by the ASC staff. A six months audit of our Agency was just completed and there were zero audit findings for the Real Estate Appraisal Administration Division.

We have checked our file regarding NAMA' s Course 504 and the June 27th letter is within the file and was in the file during your field review of our program. I suspect that the confusion is due to NAMA' s providership and courses are presented and filed in our office under the name "Lincoln Graduate Center," not NAMA.

5. [Redaction] **Course** [redaction]: you state that you disagree with the Committee's decision to recommend denial of this course. In addition, you once again pointed out that our notice of denial letter (June 6, 1996) "was not in your files and available to us during our field review." This letter, as well, is also on file with the application for approval under the name of the [redaction] The Illinois Appraisal Committee continues to maintain that this course is unsuitable for appraiser continuing education; as it does not specifically pertain to appraising but rather to methods of discovery and testing for adverse environmental conditions. We respect your right to disagree with our decisions as to the approval or denial of courses but at the same time feel that our mission to protect the public. is best left to our authority in deciding whether or not a course is appropriate.
6. [Redaction] **Course** [redaction]: The Committee voted to deny this course as the course material is related to administrative functions of an assessor's office and not to ad valorem appraisals. At ASC' s encouragement, I asked the Committee to reconsider their recommendation at their March 1997 meeting. Once again. the members voted to deny approval until such time the [redaction] provided additional information relative to the course. At the May 1997 Committee meeting, the members, once again, considered the approval of the course and unanimously agreed to table further consideration until a Committee member attended the course. Reconsideration is scheduled for our September meeting. The fact that other jurisdictions have approved the course will not be a consideration for our Committee in their final decision regarding approval/denial.

Sincerely,

Larry Bullock, Director
Real Estate Appraisal Administration

cc: Jack Schaffer, Commissioner, Office of Banks & Real Estate
Chris McAuliffe, Assistant Commissioner, Office of Banks & Real Estate
Frank Harrison, Chairman, Illinois Appraisal Committee